

**KINGSLEY-PIERSON COMMUNITY  
SCHOOL DISTRICT**

**INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2009**

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
FOR THE YEAR ENDED JUNE 30, 2009  
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**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**

**LIST OF OFFICIALS**

**June 30, 2009**

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**Board of Education  
(Before September 2008 Election)**

		Term Expires
Tim Sudbeck	President	2010
Scott Bohle	Vice President	2010
Cindy Powell Inman	Board Member	2008
Shari Seuntjens	Board Member	2009
Clayton Powell	Board Member	2009

**Board of Education  
(After September 2008 Election)**

Tim Sudbeck	President	2011
Scott Bohle	Vice President	2009
Bobbi Hirschman	Board Member	2011
Shari Seuntjens	Board Member	2009
Clayton Powell	Board Member	2011

**School Officials**

Scott Bailey	Superintendent	2009
Audrey Bollin	Secretary-Treasurer	2009
James Hanks	Attorney	2009

## INDEPENDENT AUDITORS' REPORT

To the Board of Education of  
Kingsley-Pierson Community School District  
Kingsley, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of the Kingsley-Pierson Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kingsley-Pierson Community School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activity, each major fund, and the aggregate remaining fund information of Kingsley-Pierson Community School District as of June 30, 2009 and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2009, on our consideration of the Kingsley-Pierson Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Kingsley-Pierson Community School District's basic financial statements. The financial statements for the five years ended June 30, 2008 were audited by us (none of which are presented herein) in accordance with the standards referred to in the second paragraph of this report, and had unqualified opinions expressed on them. The supplemental information, included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial

statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 7, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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Kingsley-Pierson Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

### 2009 FINANCIAL HIGHLIGHTS

- General Fund revenues increased from \$4,280,281 in fiscal 2008 to \$4,366,441 in fiscal 2009, while General Fund expenditures decreased from \$4,305,517 in fiscal 2008 to \$4,286,606 in fiscal 2009. The District's General Fund balance increased from \$357,195 in fiscal 2008 to \$437,030 in fiscal 2009, a 22% increase.
- State foundation aid revenue decreased by 3% due to a 3% decrease in budget enrollment and a 4% increase in allowable growth, coupled with a 1.5% across the board cut due to state budget problems. Allowable growth is the percentage increase in the per-student rate paid to schools based on prior years enrollment.
- Total state revenues remained about the same due to a 49% increase in professional development funding while federal revenues increased by 38%. The increase in federal funding came from the American Recovery and Reinvestment Act of 2009 that was passed by congress in an effort to stimulate the economy. The district received \$53,168 of which \$36,755 was allocated for stabilization, \$3,925 was allocated for Title I and \$12,488 was allocated for special education expenses. At the local level, revenues increased by 3% due to a 4% increase in property tax collected.
- The decrease in total General Fund expenditures was less than .5% compared to fiscal 2008, but not having a typical increase was key to improving the financial condition of the district. The district was able to decrease expenditures through attrition from retiring employees and not replacing 1.6 full time equivalent positions. On a functional level, instruction increased by 1%, while expenditures in support services increased by less than .5%. Regular education expenditures decreased by 2% because of the elimination of one elementary position and one part-time music position. Special education expenditures increased due to increased costs for tuition and transportation of students needing specialized services under an Individual Education Plan. Vocational education expenditures decreased by 14% due to the retirement of two long-term teachers. Those positions were filled by two beginning teachers and an extended contract was also reduced. Support services had increases in student support, business administration and plant operation and maintenance. Additional software and 403(b) administration costs accounted for part of the increase in business administration. A 75% increase in the contracted cost of propane was the biggest contributor to the increase in plant operation and maintenance expenditures. Counteracting the increases were decreases in instructional staff support, executive administration and building administration. The decreases were mostly due to attrition.
- Interest earned in the general fund increased by 24%. General fund cash balances increased by 27% throughout the year, but interest rates decreased by 17%, limiting earnings. The district participated in ISCAP for 2008-2009 and warrants were issued at the end of June, 2009, as well.
- The district's non-major special revenue funds include the management fund and the activity fund. The management fund balance increased by 79%. The district had levied \$110,000 in

order to cover all potential early retirements. Only one employee took advantage of the early retirement, causing the ending balance to increase. Benefits under the early retirement program have been eliminated after fiscal 2009. The balance in the management fund will be used to pay future insurance premiums. Activity fund balances increased by 3% from fiscal 2008.

- The capital projects fund balance decreased by 7% and the PPEL fund balance increased by 4% over fiscal 2008. The debt service fund balance increased by 12% over fiscal 2008. The district has entered into a contract for roof repairs on the Kingsley building in the amount of \$33,330, hoping to extend the life of the current roof by 7-9 years. The district will continue to save for an eventual replacement. The roof work was done in July 2009. A 13-passenger lift bus was purchased out of PPEL to meet the needs of several special education students.

## **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of Kingsley-Pierson Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Kingsley-Pierson Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds. In addition, the Comparison of Taxes and Intergovernmental Revenues and Receipts, provides a summary of how funding at different levels has changed over the last six years.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-1**

**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food services and adult education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Funds, one type of proprietary fund, are the

same as its business type activities, but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.

- 3) Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others: These funds include an agency fund, through which the District administers and accounts for the District employee flexible spending plan.

The District is responsible for ensuring that the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-2 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

Figure A-2  
Condensed Statement of Net Assets  
(Expressed in Thousands)

	Governmental Activities		Business type Activity		Total District		Total % Change
	June 30,		June 30,		June 30,		June 30,
	2009	2008	2009	2008	2009	2008	2008-2009
Current and other assets	\$ 3,950	\$ 3,723	\$ 31	\$ 26	\$ 3,981	\$ 3,749	6.2%
Capital assets	5,723	5,774	16	19	5,739	5,793	-0.9%
Total assets	9,673	9,497	47	45	9,720	9,542	1.9%
Long-term liabilities	3,075	3,325	-	-	3,075	3,325	-7.5%
Other liabilities	2,941	2,818	-	-	2,941	2,818	4.4%
Total liabilities	6,016	6,143	-	-	6,016	6,143	-2.1%
Net assets							
Invested in capital assets net of related debt	2,649	2,449	16	19	2,665	2,468	8.0%
Restricted	337	276	-	-	337	276	22.1%
Unrestricted	671	629	31	26	702	655	7.2%
Total net assets	\$ 3,657	\$ 3,354	\$ 47	\$ 45	\$ 3,704	\$ 3,399	9.0%

Total net assets increased by 9% compared to fiscal 2008. Total assets increased by 1.9%, while liabilities decreased by 2.1%. Capital assets decreased by .9%, while invested in capital assets net of related debt increased by 8%. The debt related to the investment in capital assets is liquidated with sources other than capital assets.

Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used.

Unrestricted net assets are the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements.

Figure A-3 shows the change in net assets for the year ended June 30, 2009.

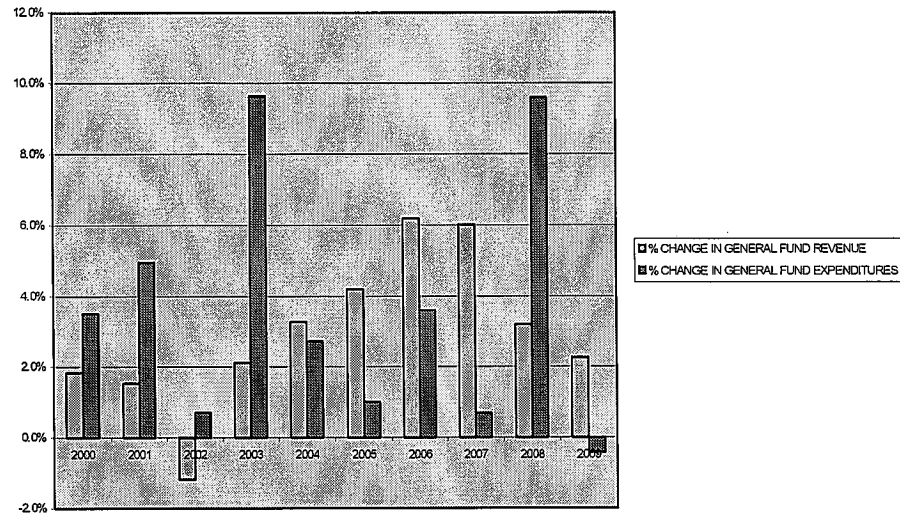
Figure A-3 Changes in Net Assets (Expressed in Thousands of Dollars)							
	Governmental Activities		Business type Activity		Total District		Total % Change
	2009	2008	2009	2008	2009	2008	2008-2009
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 412	\$ 423	\$ 138	\$ 118	\$ 550	\$ 541	1.66%
Operating Grants and Contributions	714	632	71	79	785	711	10.41%
Capital Grants and Contributions	25	-	-	-	25	-	100.00%
General Revenues							
Property Tax	1,939	1,890	-	-	1,939	1,890	2.59%
Other Taxes	373	353	-	-	373	353	5.67%
Interest on Investments	33	35	-	1	33	36	-5.6%
State Aid not Restricted to Specific Programs	1,749	1,789	-	-	1,749	1,789	-2.24%
Miscellaneous	35	50	-	-	35	50	-30.00%
Total Revenues	5,280	5,172	209	198	5,489	5,370	2.22%
<b>Program Expenses</b>							
Instruction	3,071	3,119	-	-	3,071	3,119	-1.54%
Support Services	1,557	1,556	-	-	1,557	1,556	0.06%
Non-Instructional Programs	-	-	207	220	207	220	-5.91%
Other Expenses	349	338	-	-	349	338	3.25%
Total Expenses	4,977	5,013	207	220	5,184	5,233	-0.94%
<b>Change in Net Assets</b>	<b>\$ 303</b>	<b>\$ 159</b>	<b>\$ 2</b>	<b>\$ (22)</b>	<b>\$ 305</b>	<b>\$ 137</b>	<b>122.63%</b>

Property tax and unrestricted state grants account for 70% of the total governmental activities revenue, down 1% from fiscal 2008. The District's expenses primarily relate to instruction and support services, which account for 93% of the total governmental activities expense, equal to fiscal 2008.

### Governmental Activities

Revenues for governmental activities were \$5,280,220 and expenses were \$4,977,111. Governmental activities net assets increased by \$303,109 compared to an increase of \$158,756 in fiscal 2008. The percentage increase in Governmental Activity Fund revenues was 2.09%, while Governmental Activity expenses decreased by .72% (see Figure A-4).

Figure A-4



The following table (A-5) presents the total and net cost of the District's major governmental activities: instruction, support services, non-instructional programs and other expenses.

Figure A-5  
Total and Net Cost of Governmental Activities  
(Expressed in Thousands of Dollars)

	Total Cost of Services-2009	Net Cost of Services-2009	Total Cost of Services-2008	Net Cost of Services-2008	Total % Change in Net Costs
Instruction	\$ 3,071	\$ 2,114	\$ 3,119	\$ 2,270	-6.9%
Support services	1,557	1,554	1,556	1,510	3%
Non-instructional programs	0	(1)	0	0	-100.0%
Other expenses	349	159	338	178	-10.7%
Total expenses	\$ 4,977	\$ 3,826	\$ 5,013	\$ 3,958	-3.6%

- The cost financed by users of the District's programs was \$411,802. Federal and state governments subsidized certain programs with grants and contributions totaling \$739,021. The total cost of services decreased by .72%, and the net cost of services decreased by 3.4% over fiscal 2008.
- The net cost of governmental activities was financed with \$2,312,628 in property and other taxes, up 3.1% from fiscal 2008 and \$1,748,619 in unrestricted state grants, down 2.2% from fiscal 2008. The remaining \$68,150 in revenue came from interest, contributions, sales of equipment and other miscellaneous local sources, down 20% from fiscal 2008.

## **Business Type Activities**

Revenues for business type activities were \$209,311 and expenses were \$207,045. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for services, federal and state reimbursements and investment income.

Net assets for business type activities increased by 5.1% over fiscal 2008.

## **INDIVIDUAL FUND ANALYSIS**

As previously noted, Kingsley-Pierson Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$1,016,484, compared to last year's ending fund balances of \$913,115.

## **Governmental Fund Highlights**

- The General fund balance increased 22% from fiscal 2008. Expenditures decreased due to the reduction of 1.6 teaching positions and the replacement of four other long-term teaching positions with beginning teachers. The savings from the personnel changes were somewhat offset by a mid-year across the board state budget cut. The cut decreased state aid and instructional support by \$29,572. Contracted propane expenditures increased by 75%, but fuel costs decreased by 29% as gas prices declined throughout the year.
- The Capital Projects Fund experienced a 6.6% decrease in fund balance compared to fiscal 2008. The district continues to rely on sales tax funds to make renovations to district facilities and reduce the debt service levy. The district used \$50,000 of sales tax money to reduce the debt service levy in fiscal 2009. Principal on sales tax revenue bonds issued in 2004 was decreased by \$85,000, leaving a balance of \$595,000. Sales tax receipts actually increased 5.4% from fiscal 2008, despite the economy.
- The debt service fund balance increased by 12%. Principal payments of \$165,000 were made in fiscal 2009, bringing the general obligation debt down to \$2,480,000. The general obligation bonds that were issued in 2000 were paid off in June of 2009 by the escrow account. The remaining general obligation debt is for the refunding bonds issued in 2006.
- The PPEL fund balance increased by 4% from fiscal 2008. The balance in the PPEL C.D. was \$139,557 at June 30, 2009. No additions were made to the C.D. in fiscal 2009. The district used PPEL funds to purchase a bus with a lift to accommodate special education students at a cost of \$50,597.
- Other governmental funds include the Activity and Management funds. The management fund balance increased by 79% in fiscal 2009 and activity fund balances increased by 3%. Fiscal year 2009 was the last year for individuals to apply for early retirement benefits. Property tax was levied to cover the possibility of five retirees, but only one individual applied. This led to a 79% increase in the management fund balance over fiscal 2008. General insurance and unemployment costs also come out of the management fund and the higher fund balance will be used to cover those expenditures. The activity fund continues to benefit from donations and fund-raising.

## **Proprietary Fund Highlights**

School Nutrition Fund net assets increased from \$44,677 at June 30, 2008 to \$46,943 at June 30, 2009, representing an increase of approximately 5%. Average daily lunch counts decreased by 2.2% and average daily breakfast counts decreased by 5% over fiscal 2008. Operating revenues increased by 16.6% and non-operating revenues decreased by 11% compared to fiscal 2008. The decrease in non-operating revenues was due to a 32.2% decrease in free lunches and a 12.8% decrease in reduced fee lunches that are subsidized by federal and state funds. Operating expenses decreased by 6.1%. Overall, the nutrition fund did not suffer due largely to a 9% increase in lunch prices.

## **BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds. This is referred to as the certified budget. The budget is certified with the County Auditor and Department of Management each year. Iowa school districts may not certify a general fund budget in excess of its spending authority. Beginning with fiscal 2007, districts are required to certify their budget on a GAAP basis to match year-end reporting. The certified budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, Kingsley-Pierson Community School District amended its annual budget one time to increase other expenditures for facility projects and equipment expenditures funded by grants and donations.

The District's receipts were \$176,161 more than budgeted receipts, a variance of 3.3%. Local receipts of tuition and sales tax can vary from year to year. State sources were less than budgeted due to mid-year funding cuts at the state level. Federal sources were more than budgeted due to funding received under the American Recovery and Reinvestment Act of 2009. When certifying the budget, the district tries to estimate revenues conservatively, and this contributes to budget variances, as well.

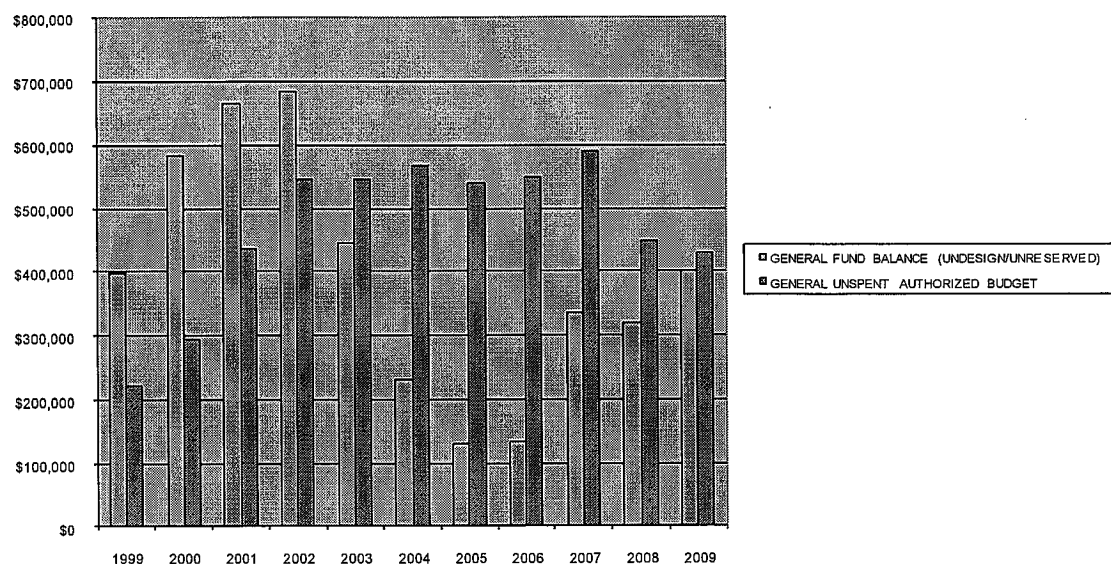
Total expenditures were \$299,099 less than budgeted, a variance of 5.3%. This percentage is more than last year's percentage variance for budgeted expenditures. The variance is due again to conservative estimating. When the budget was certified, there were several staffing decisions that had not been made yet and the maximum number of early retirement payouts was budgeted. While the certified budget provides a tool for estimating revenues and expenditures, the District manages or controls spending through its line-item budget.

The other level of budgetary control is the "unspent (maximum) authorized budget" and pertains only to the General Fund of the District. The maximum authorized budget is the total "spending authority" in the General Fund of the District. The unspent balance is a budgetary concept and does not mean the "actual General Fund cash". It is imperative for users of District financial information to make this important distinction. The unspent balance is the amount of spending authority that is carried over into the next fiscal year. The unspent balance is a budgetary carryover and does not represent actual dollars (General Fund cash) or actual financial position (unreserved, undesignated General Fund balance) of the district.

The district's spending authority decreased by 23.9% from fiscal 2008 to fiscal 2009, due primarily to a larger % increase in spending that was not supported by increases in authority through the foundation formula. The district can levy cash reserves to generate cash to cover expenses, but does not gain additional spending authority by doing so. Spending authority can be preserved by asking the School Budget Review Committee for authority to fund special education deficits, increased enrollment and increased tuition costs due to open enrollment. The district does retain spending authority for across the board cuts, but decreases in the allowable growth percentage set by the legislature negatively affect spending authority. Figure A-6 shows the district's cash (fund balance) compared to unspent balance over the last ten years. Final

unspent authorized budget from fiscal 2009 will not be available until January, 2010, but is projected to decrease by 4.4%.

Figure A-6



## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, the District had invested \$5.7 million, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-7) Depreciation expense for the year

Figure A-7  
Capital Assets

	Original Cost of Capital Assets	Prior Years Accumulated Depreciation	Current Year Depreciation	Reclassifications	Capital Assets Less Depreciation 2009	Capital Assets Less Depreciation 2008	Percent Change
Land & Improvements	\$ 902,725	\$ 359,862	\$ 31,130	\$ 17,468	\$ 494,265	\$ 480,745	2.81%
Buildings & Improvements	7,384,375	2,419,129	168,048	(45,666)	4,842,864	4,858,054	-.31%
Vehicles & Equipment	1,236,002	722,841	92,459	28,198	392,504	439,635	-10.72%
Construction in Progress	9,882	-	-	-	9,882	15,050	-34.34%
	<u>\$ 9,532,984</u>	<u>\$ 3,501,832</u>	<u>\$ 291,637</u>	<u>\$ -</u>	<u>\$ 5,739,515</u>	<u>\$ 5,793,484</u>	<u>-0.93%</u>

was \$291,637.

The original cost of the District's capital assets was \$9.5 million. Accumulated depreciation for prior years was calculated at \$3.5 million. Buildings and building improvements account for 77% of capital assets, before reducing for long-term debt. When computing net capital assets, associated long-term debt is subtracted. Net capital assets increased by 7.9% over fiscal 2008.

Construction in progress at June 30, 2009 included \$9,882 for expenditures to replace some carpeting in the high school. Land & Land Improvements less accumulated depreciation increased by 2.81% over fiscal 2008, due to some driveway and playground renovations. Buildings & Improvements less accumulated depreciation decreased by .31%, despite the addition of a baseball press box. Vehicles & Equipment less accumulated depreciation decreased by 10.72%.

### Long-Term Debt

At June 30, 2009, the District had \$3,075,000 in general obligation and other long-term debt outstanding. This represents a decrease of approximately 7.5% from last year. (See Figure A-8)

Retirement of general obligation bond principal was \$165,000 for fiscal 2009. Principal payments on the sales tax revenue bonds was \$85,000 for fiscal 2009.

Figure A-8  
Outstanding Long-Term Obligations  
(Expressed in Thousands of Dollars)

	Total District		% Change
	2009	2008	2008-2009
General obligation bonds	\$ 2,480	\$ 2,645	-6.2%
Revenue bonds	595	680	-12.5%
	\$ 3,075	\$ 3,325	-7.5%

### ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The economy has taken a toll on the state of Iowa's budget. The district received a 10% cut in funding that amounts to \$204,918 less general fund revenue for the 2010 fiscal year. Spending authority is not affected by the cut. It is possible that further cuts could be coming in the first part of the calendar year, depending on revenue estimates at the state.
- Steps were taken to reduce staff last spring in anticipation of budget cuts in 2010 and to help preserve the district's spending authority. The district will have to use some cash reserves to offset the 10% budget cut, but much less than would have been necessary without the staff changes.
- Future state funding is a huge concern at this time. For the 2010 fiscal year, federal stimulus funds amount to about 5% of the general fund budget. Much of the funding is replacing state revenue sources. Some of this funding will continue for one more year. The state of Iowa will have much larger than normal increases in expenditures to keep funding the same for public services once the federal funding is no longer there.
- Some experts are predicting that Iowa has just begun to see the effects of unemployment and that it could take seven to eight years to fully recover. If this holds true, districts will be forced to raise property taxes, reduce services and possibly consolidate.
- The district's certified enrollment increased by 7 students or 1.53% for the 2011 budget year (current year's enrollment). The number of students the district is actually serving decreased by 10 students, or 2.09%. There are 12 students attending other districts for transitional kindergarten. This could mean a large kindergarten class for the 2011 budget year. The



state has set allowable growth at 2% for fiscal 2011; however, it is likely that this will be reduced to zero or possibly a negative percentage.

- Besides cash and fund balance, the district also needs to be concerned about its spending authority. With declining enrollment and the prediction of zero to negative allowable growth, it will be difficult to maintain enough spending authority to cover expenses.
- While revenue is declining, payroll taxes and insurance will likely increase. Contribution rates for IPERS are due to increase again in July of 2010 by one half a percentage. IPERS also is undergoing financial problems and will likely be asking for a 2% increase in this legislative session, 60% of which would be employer liability. Preliminary information indicates that health insurance premiums will increase by at least 9% again this year. The district will need to look at changing coverage or employee contributions.
- Sales tax revenues will likely decline with decreased consumer spending. It is also possible that the state could divert some of the one-cent sales tax to fund other general state budget needs. The only major known facility need at this point is a new roof for the Kingsley building. Some repairs were done in the summer of 2009 to extend the life of the current roof and allow more time to save for roof replacement.
- The board of education has met with two other district's boards to discuss possible sharing opportunities. For the 2010 fiscal year, one teacher and some athletic programs are being shared. The state currently has some financial incentives in place for specific sharing arrangements. The incentives could also be subject to budget cuts, but any sharing opportunities that could save money are considered. In rural districts, transportation time and costs are a concern when looking at sharing as well as whether the needs of both districts can be met.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Audrey Bollin, District Secretary/Treasurer and Business Manager, Kingsley-Pierson Community School District, 322 Quest Ave, Kingsley, Iowa, 51028.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Governmental Activities	Business Type Activity	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 1,284,757	\$ 16,719	\$ 1,301,476
Investments	145,553		145,553
Receivables:			
Property Tax	40,730		40,730
Succeeding Year Property Tax	1,990,182		1,990,182
Income Surtax	52,461		52,461
Sales Tax	50,065		50,065
Accounts	1,159		1,159
Due from Other Governments	72,599		72,599
Inventories		14,292	14,292
Prepaid Expenses	40,610		40,610
Restricted ISCAP Assets:			
Investments	230,594		230,594
Accrued Interest Receivable	1,583		1,583
Unamortized Bond Issuance Costs	39,424		39,424
Land	72,035		72,035
Construction in Progress	9,882		9,882
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	5,641,666	15,932	5,657,598
Total Assets	9,673,300	46,943	9,720,243
<b>LIABILITIES</b>			
Payables:			
Accounts Payable	188,014		188,014
Other Payables	3,117		3,117
Salaries and Benefits Payable	428,563		428,563
Accrued Interest Payable	20,942		20,942
Deferred Revenue -			
Succeeding Year Property Tax	1,990,182		1,990,182
Income Surtax	52,461		52,461
ISCAP Liabilities:			
Warrants Payable	227,000		227,000
Unamortized Premium	4,394		4,394
Accrued Interest Payable	78		78
Unamortized Bond Issuance Premium	26,379		26,379
Long-Term Liabilities:			
Portion Due Within One Year:			
General Obligation Bonds Payable	175,000		175,000
Revenue Bonds Payable	90,000		90,000
Portion Due After One Year:			
General Obligation Bonds Payable	2,305,000		2,305,000
Revenue Bonds Payable	505,000		505,000
Total Liabilities	6,016,130	-	6,016,130
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	2,648,583	15,932	2,664,515
Restricted for:			
Categorical Funding	35,733		35,733
Management Levy	71,695		71,695
Physical Plant and Equipment Levy	183,764		183,764
Other Special Purposes	46,141		46,141
Unrestricted	671,254	31,011	702,265
Total Net Assets	\$ 3,657,170	\$ 46,943	\$ 3,704,113

See Accompanying Notes to Financial Statements

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Functions/Programs	Expenses	Program Revenues	Program Revenues	
		Charges for Services	Operating Grants Contributions	Capital Grants Contributions
Primary Government:				
Governmental Activities:				
Instruction:				
Regular Instruction	\$ 2,215,164	\$ 249,107	\$ 471,206	
Special Instruction	429,209	39,335	64,769	
Other Instruction	426,162	121,860	10,264	
Support Services:				
Student Services	98,009			
Instructional Staff Services	84,744			
Administration Services	739,563			
Operation and Maintenance	398,464	1,500		
Transportation Services	236,465		1,470	
Non-instructional Programs	567		1,267	
Other Expenditures:				
Facilities Acquisition and Construction Services	45,462			25,001
Long Term Debt:				
Services	1,661			
Interest	136,597			
AEA Flowthrough	165,044		165,044	
Total governmental activities	<u>4,977,111</u>	<u>411,802</u>	<u>714,020</u>	<u>25,001</u>
Business Type Activity:				
Non-instructional Programs:				
Food Service Operations	<u>207,045</u>	<u>137,669</u>	<u>70,740</u>	<u>-</u>
Total	<u>\$ 5,184,156</u>	<u>\$ 549,471</u>	<u>\$ 784,760</u>	<u>\$ 25,001</u>
General Revenues:				
Property Tax Levied For:				
General Purposes				
Debt Service				
Capital Outlay				
Income Surtax				
Statewide Sales and Service Tax				
Unrestricted State Grants				
Unrestricted Investment Earnings				
Miscellaneous				
Total general revenues				
Change in net assets				
Net assets - beginning				
Net assets - ending				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business Type Activity	Total
\$ (1,494,851)		\$ (1,494,851)
(325,105)		(325,105)
(294,038)		(294,038)
(98,009)		(98,009)
(84,744)		(84,744)
(739,563)		(739,563)
(396,964)		(396,964)
(234,995)		(234,995)
700		700
(20,461)		(20,461)
(1,661)		(1,661)
(136,597)		(136,597)
-		-
<u>(3,826,288)</u>		<u>(3,826,288)</u>
	\$ 1,364	1,364
<u>(3,826,288)</u>	<u>1,364</u>	<u>(3,824,924)</u>
1,684,553		1,684,553
227,374		227,374
27,371		27,371
58,226		58,226
315,104		315,104
1,748,619		1,748,619
32,819	460	33,279
35,331	442	35,773
<u>4,129,397</u>	<u>902</u>	<u>4,130,299</u>
303,109	2,266	305,375
<u>3,354,061</u>	<u>44,677</u>	<u>3,398,738</u>
<u>\$ 3,657,170</u>	<u>\$ 46,943</u>	<u>\$ 3,704,113</u>

See Accompanying Notes to Financial Statements

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2009**

	General	PPEL Fund
<b>Assets</b>		
Cash and Cash Equivalents	\$ 881,158	\$ 46,878
Investment		139,557
Receivables:		
Property Tax	33,131	567
Succeeding Year Property Tax	1,657,213	26,665
Income Surtax		52,461
Sales Tax		
Accounts	392	
Due from Other Governments	72,599	
Prepaid Expenses	39,885	
Restricted ISCAP Assets:		
Investments	230,594	
Accrued Interest Receivable	1,583	
Total Assets	<u>2,916,555</u>	<u>266,128</u>
<b>Liabilities and Equity</b>		
Liabilities:		
Accounts Payable	159,160	3,238
Other Payables	3,117	
Salaries and Benefits Payable	428,563	
Deferred Revenue:		
Succeeding Year Property Tax	1,657,213	26,665
Income Surtax		52,461
ISCAP Liabilities:		
Warrants Payable	227,000	
Unamortized Premium	4,394	
Accrued Interest Payable	78	
Total Liabilities	<u>2,479,525</u>	<u>82,364</u>
Fund Balances:		
Reserved for:		
Categorical Funding	35,733	
Prepaid Expenses	39,885	
Debt Service		
Unreserved for:		
Designated, Special Revenue Fund		139,557
General Fund	361,412	
Special Revenue Fund		44,207
Capital Project Fund		
Total Fund Balances	<u>437,030</u>	<u>183,764</u>
Total Liabilities and Equity	<u>\$ 2,916,555</u>	<u>\$ 266,128</u>

Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 228,600	\$ 11,354	\$ 116,767	\$ 1,284,757
		5,996	145,553
	4,717	2,315	40,730
	230,305	75,999	1,990,182
50,065			52,461
			50,065
		767	1,159
			72,599
		725	40,610
			230,594
			1,583
278,665	246,376	202,569	3,910,293
16,882		8,734	188,014
			3,117
			428,563
	230,305	75,999	1,990,182
			52,461
			227,000
			4,394
			78
16,882	230,305	84,733	2,893,809
			35,733
			39,885
	16,071		16,071
			139,557
			361,412
		117,836	162,043
261,783			261,783
261,783	16,071	117,836	1,016,484
\$ 278,665	\$ 246,376	\$ 202,569	\$ 3,910,293

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2009**

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Amounts reported for Governmental Activities in the Statement of Net assets are different because:

Total Fund Balance - Governmental Funds (page 20)			\$ 1,016,484
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			5,723,583
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.			(20,942)
Unamortized bond issueance premioums not reports on modified accrual basis			(26,379)
Bond issue costs are reported in the governmental activities but are not reported in the governmental funds as they do not provide current economic resources.			39,424
Long-term liabilities, including bonds payable, lease obligations payable, and early retirement payable are not due and payable in the current period and therefore are not reported in the funds.			
	G.O. bonds payable	\$ (2,480,000)	
	Revenue bonds payable	<u>(595,000)</u>	<u>(3,075,000)</u>
Total Net Assets - Governmental Activities (page 16)			<u>\$ 3,657,170</u>

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	General	PPEL Fund
Revenue:		
Local Sources:		
Local Tax	\$ 1,574,525	\$ 85,597
Tuition	274,376	
Other	57,957	29,588
State Sources	2,276,528	19
Federal Sources	183,055	
Total Revenue	<u>4,366,441</u>	<u>115,204</u>
Expenditures:		
Governmental Activities:		
Instruction:		
Regular Instruction	2,162,686	
Special Instruction	429,209	
Other Instruction	288,925	
Support Services:		
Student Services	97,433	
Instructional Staff Services	84,411	
Administration Services	504,055	
Operation and Maintenance	368,945	
Transportation Services	185,898	50,597
Non-instructional Programs		
Other Expenditures:		
Facilities Acquisition and Construction Services		57,437
Long-term Debt:		
Services		
Principal		
Interest and Fiscal Charges		
AEA Flowthrough	165,044	
Total Expenditures	<u>4,286,606</u>	<u>108,034</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>79,835</u>	<u>7,170</u>
Other Financing Sources (Uses):		
Transfers In		
Transfers Out		
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	79,835	7,170
Fund Balances - Beginning of Year	357,195	176,594
Fund Balances - End of Year	<u>\$ 437,030</u>	<u>\$ 183,764</u>



Capital Projects	Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 315,104	\$ 227,374	\$ 110,027	\$ 2,312,627
			274,376
3,976	1,597	140,266	233,384
	155	76	2,276,778
			183,055
319,080	229,126	250,369	5,280,220
		39,362	2,202,048
			429,209
		129,457	418,382
		576	98,009
		333	84,744
		11,224	515,279
		26,654	395,599
		9,154	245,649
		567	567
175,872			233,309
	475		475
	250,000		250,000
	138,537		138,537
			165,044
175,872	389,012	217,327	5,176,851
143,208	(159,886)	33,042	103,369
	161,620		161,620
(161,620)			(161,620)
(161,620)	161,620	-	-
(18,412)	1,734	33,042	103,369
280,195	14,337	84,794	913,115
\$ 261,783	\$ 16,071	\$ 117,836	\$ 1,016,484

See Accompanying Notes to Financial Statements

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds (page 23)	\$ 103,369
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Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlays in the current year as follows:

Expenditures for capital assets	\$ 237,668	
Depreciation expense	(288,682)	(51,014)

Accrued Expenses and Revenues not reported on modified accrual basis:

Interest on long-term debt	1,940
Unamortized bond premium	2,398
Unamortized bond costs	(3,584)

The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net assets. The statement of activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:

250,000

Change in net assets of governmental activities (page 18)	\$ 303,109
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KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND  
JUNE 30, 2009

	School Nutrition Fund
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Pooled Investments	\$ 16,719
Inventories	14,292
Total Current Assets	<u>31,011</u>
<b>Noncurrent Assets:</b>	
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>15,932</u>
Total Noncurrent Assets	<u>15,932</u>
Total Assets	<u>46,943</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	15,932
Unrestricted	<u>31,011</u>
Total Net Assets	<u>\$ 46,943</u>

See Accompanying Notes to Financial Statements

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>School Nutrition Fund</b>
Operating Revenues:	
Charges for services	\$ 137,669
Miscellaneous	442
	<hr/>
Total Operating Revenue	138,111
	<hr/>
Operating Expenditures:	
Food Service Operations:	
Salaries	64,984
Benefits	14,262
Purchased Services	2,293
Supplies	122,551
Depreciation	2,955
	<hr/>
Total Operating Expenditures	207,045
	<hr/>
Operating Loss	(68,934)
	<hr/>
Non-Operating Revenues (Expenditures):	
Interest Income	460
State Lunch Reimbursements	2,622
National School Lunch Program	52,017
Federal Food Commodities Received	16,101
	<hr/>
Total Non-Operating Revenues	71,200
	<hr/>
Change in net assets	2,266
	<hr/>
Net Assets-beginning	44,677
	<hr/>
Net Assets-ending	\$ 46,943
	<hr/> <hr/>

See Accompanying Notes to Financial Statements

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>School Nutrition Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from sale of lunches and breakfasts	\$ 137,694
Cash received from miscellaneous operating activities	442
Cash payments for salaries and benefits	(79,246)
Cash payments for goods and services	(110,347)
<b>Total cash (used) by operating activities</b>	<u>(51,457)</u>
<b>Cash flows from noncapital financing activities:</b>	
State grant received	2,622
Federal grants received	52,017
<b>Total cash provided by noncapital financing activities</b>	<u>54,639</u>
<b>Cash flows from investing activities:</b>	
Interest on investments	460
<b>Net increase in cash and cash equivalents</b>	3,642
Cash and cash equivalents - beginning of year	13,077
Cash and cash equivalents - end of year	<u>16,719</u>
<b>Reconciliation of operating (loss) to net cash used in operating activities:</b>	
Operating (loss)	(68,934)
Adjustments to reconcile net operating loss to net cash provided by operating activities:	
Depreciation Expense	2,955
Commodities Used	16,101
(Increase) decrease in assets and increase (decrease) in liabilities:	
Accounts Receivable	25
Inventory	(1,594)
Accounts Payable	(10)
<b>Net cash (used) in operating activities</b>	<u>(51,457)</u>
<b>Supplemental schedule of noncash noncapital financing activities:</b>	
Federal food commodities received	<u>\$ 16,101</u>

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
AGENCY FUND  
JUNE 30, 2009**

	<u>Flexible Spending Fund</u>
<b>Assets:</b>	
Cash and Pooled Investments	<u>\$          11,150</u>
<b>Liabilities:</b>	
Other Payables	<u>\$          11,150</u>

See Accompanying Notes to Financial Statements

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**Note 1 – Summary of Significant Accounting Policies**

The Kingsley-Pierson Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. The geographic areas served include the cities of Kingsley and Pierson, Iowa, and the predominant agricultural territory in Plymouth County. The district is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Kingsley-Pierson Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. The Kingsley-Pierson Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in jointly governed organizations that provide services to the District but do not meet the criteria of joint ventures since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of both the Plymouth and Woodbury County Assessor's Conference Boards.

**B. Basis of Presentation**

Government-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvements of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The following are the District's governmental funds:

General Fund – The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs. This is a major fund.

Special Revenue Fund – Special Revenue Funds account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted for specified purposes. Each of the District's Special Revenue Funds has been established to reflect restricted revenue sources provided to school districts by the Iowa State Statutes. The funds included in this category and their purposes are as follows:

Management Fund – Accounts for a levy of eighty-seven cents per thousand dollars of assessed valuation in the district for insurance premiums, unemployment compensation insurance claims, and early retirement.

Physical Plant and Equipment Levy – Accounts for a voted property tax levy of twenty-six cents per thousand dollars of assessed valuation in the district, plus a three percent surtax. The levy is to be used in the purchasing of equipment and repairing and improving schoolhouse buildings and grounds. This is a major fund.

Student Activity Fund – Accounts for student clubs and other activities not necessary to regular instruction services that are financed partly or entirely by admissions and student fund-raising activities.

Debt Service Fund – The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. This is a major fund.

Capital Projects Fund – The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are financed through proprietary funds. This is a major fund.

The following is the District's proprietary fund:

School Nutrition Fund – The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports a fiduciary fund which focuses on net assets and changes in net assets. The District's fiduciary fund is as follows:



**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

Flexible Spending Fund – The Flexible Spending Fund is used to account for assets held by the District as an agent for individuals. The Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

**C. Basis of Accounting/Measurement Focus**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Liabilities, and Fund Equity**

The following accounting policies are followed in preparing the financial statements:

**Cash and Temporary Cash Investments** – The cash balances of most District funds are pooled and invested. For purposes of the statement of cash flows, the proprietary fund type considers all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months. Cash investments not meeting the definition of cash equivalents at June 30, 2009 included certificates of deposits of \$145,553 with original maturity dates longer than three months.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

**Property Tax Receivable** – Property taxes in Governmental Funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property taxes receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Education is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

**Due From Other Governments** – Due from other governments represents amounts due from the State of Iowa, various shared revenue, grants and reimbursements from other governments.

**Inventories** – Inventories are valued at cost using the first-in, first-out method for purchased items and contributed value for government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

**Capital Assets** – Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value as of the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. The District's capitalization policy is \$3,000. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and structures	25 - 50 years
Machinery and equipment	5 - 10 years

**Proprietary Fund** – Proprietary fund type capital assets are accounted for at historical costs or estimated historical costs where historical cost is not available. Donated capital assets are recorded at estimated fair market value as of the date of donation.

The Proprietary Fund uses a \$500 capitalization policy. Accumulated depreciation is reported on the Proprietary Fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful life for machinery and equipment is 10 years.

**Accrued Payroll and Related Expenditures** – Payroll and related expenditures for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

**Deferred Revenue** – Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**Note 1 – Summary of Significant Accounting Policies (Continued)**

that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of the succeeding year property tax receivable as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

**Compensated Absences** – There is no liability for unpaid accumulated vacation or sick leave since the District does have a policy in which employees are required to use it or lose it. The District does not pay this amount when employees separate from service.

**Long-Term Liabilities** – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

**Fund Equity** – In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Restricted Net Assets** – In the governmental fund financial statements, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

**E. Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted.

**Note 2 – Deposits and Investments**

The District's deposits at June 30, 2009 were entirely covered by Federal Depository Insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had deposits with financial institutions with a carrying amount of \$1,458,179 and a bank balance of \$1,497,555.

**Custodial Credit Risk** – The District has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss on public funds.

**Interest Rate Risk** – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does have a formal investment policy that limits investment maturities to 397 days or less. The District's investments consist of certificates of deposit that have original maturities of less than 397 days.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**Note 3 – Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the Area Education Agency. The District's actual amount for this purpose totaled \$165,044 for the year ended June 30, 2009, and is recorded in the General Fund.

**Note 4 – Due From and Due to Other Funds**

As of June 30, 2009 there were no interfund receivables or payables outstanding.

**Note 5 – Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<b>Transfer From</b>	<b>Transfer To</b>	<b>Amount</b>
Capital Projects	Debt Service	\$ 161,620

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Note 6 – Capital Assets**

Capital Asset activity for the year ended June 30, 2009 was as follows:

	<b>Balance July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclass- ifications</b>	<b>Balance June 30, 2009</b>
<b>Governmental Activities:</b>					
Capital Assets not being depreciated:					
Land	\$ 72,035				\$ 72,035
Construction in Progress	15,050	\$ 9,882	\$ 15,050		9,882
Total capital assets not being depreciated:	87,085	9,882	15,050		81,917
Capital assets being depreciated:					
Buildings	7,277,183	107,192			7,384,375
Improvements Other than Buildings	768,572	62,118			830,690
Furniture and Equipment	1,101,475	73,526			1,175,001
Total capital assets being depreciated	9,147,230	242,836			9,390,066
Less accumulated depreciation for:					
Buildings	2,419,129	168,048		\$ (45,666)	2,541,511
Improvements Other Than Buildings	359,862	31,130		17,468	408,460
Furniture and Equipment	680,727	89,504		28,198	798,429
Total accumulated depreciation	3,459,718	288,682		-	3,748,400
Total capital assets being depreciated, net	5,687,512	(45,846)	-	-	5,641,666
Governmental activities capital assets, net	\$ 5,774,597	\$ (35,964)	\$ 15,050	\$ -	\$ 5,723,583

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**Note 6 – Capital Assets (Continued)**

	Balance July 1, 2008	Additions	Deletions	Reclass- ifications	Balance June 30, 2009
<b>Business-Type Activities:</b>					
Furniture and Equipment	\$ 61,001				\$ 61,001
Less accumulated depreciation	42,114	\$ 2,955			45,069
Business-type activities capital assets, net	\$ 18,887	\$ 2,955			\$ 15,932

Depreciation expense was charged to functions as follows:

**Governmental Activities:**

Regular Instruction	\$ 13,116
Vocational Instruction	1,247
Co-Curricular Instruction	6,533
General Administration/Multi-Functional	224,284
Maintenance	2,866
Transportation	40,636
Total	<u>\$ 288,682</u>

	Governmental Activities	Business-type Activities
Reconciliation of Invested in Capital Assets:		
Land	\$ 72,035	
Construction in Progress	9,882	
Capital Assets (net of accumulated depreciation)	5,641,666	\$ 15,932
Less: Bonds Payable	(3,075,000)	
Invested in Capital Assets, Net Related Debt	<u>\$ 2,648,583</u>	<u>\$ 15,932</u>

**Note 7 – Retirement System**

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits that are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$175,139, \$168,395, and \$150,037, respectively, equal to the required contributions for each year.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**Note 8 – Long-Term Debt**

A summary of changes in long-term debt of the year ended June 30, 2009 is as follows:

	<b>General Obligation Bonds</b>	<b>Local Option Sales Tax Bonds</b>	<b>Total</b>
Balance beginning of year	\$ 2,645,000	\$ 680,000	\$ 3,325,000
Additions	-	-	-
Retirements	(165,000)	(85,000)	(250,000)
Balance end of year	<u>\$ 2,480,000</u>	<u>\$ 595,000</u>	<u>\$ 3,075,000</u>

**Early Retirement**

The District amended the early retirement policy in FY08. Eligible employees must be at least age fifty-nine at retirement. Employees must have completed ten years of continuous service to the District and is actively employed during the last fiscal year prior to early retirement. Employees must complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible employee is a lump sum payment of \$20,000.

Early retirement benefits (including payroll taxes) paid during the year ended June 30, 2009 totaled \$21,530. The cost of early retirement payments expected to be liquidated currently are recorded as a liability of the Special Revenue, Management Levy Fund. A liability has been recorded in the government-wide financial statements representing the District's commitment to fund non-current early retirement. As of June 30, 2009, all early retirement obligations had been paid in full.

The current general obligation bond issue requires semi-annual payments every December and June through June 2020. Details of the District's June 30, 2009 general obligation bonded indebtedness are as follows:

<b>Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 175,000	\$ 104,905	\$ 279,905
2011	185,000	96,155	281,155
2012	195,000	88,293	283,293
2013	205,000	80,005	285,005
2014	215,000	71,293	286,293
2015-2019	1,225,000	213,273	1,438,273
2020	280,000	11,620	291,620
Totals	<u>\$ 2,480,000</u>	<u>\$ 665,544</u>	<u>\$ 3,145,544</u>

**Local Option Sales Tax Bonds**

In July 2004, the District completed a local option sales tax revenue bond issue for \$890,000. It requires semi-annual payments every January and July through July 2014, and the average interest rate over the life of the issue is 4.07%. The bond proceeds were intended for school infrastructure improvements, and future local option sales tax proceeds will be used to make payments on the issue.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

**Note 8 – Long-Term Debt (Continued)**

Details of the District's June 30, 2009 local option sales tax bonded indebtedness are as follows:

	<b>Ending June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$	90,000	\$ 23,618	\$ 113,618
2011		95,000	20,075	115,075
2012		95,000	16,180	111,180
2013		100,000	11,985	111,985
2014		105,000	7,423	112,423
2015		110,000	2,530	112,530
<b>Totals</b>	<b>\$</b>	<b>595,000</b>	<b>\$ 81,811</b>	<b>\$ 676,811</b>

**Note 9 – Iowa Schools Cash Anticipation Program (ISCAP)**

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semi-annual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semi-annual period. ISCAP accounts for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co., N.A. is the trustee for the program. The accounts are reflected as restricted assets on the balance sheet.

A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

<b>Series</b>	<b>Warrant Date</b>	<b>Final Warrant Maturity</b>	<b>Investments</b>	<b>Accrued Interest Receivable</b>	<b>Warrants Payable</b>	<b>Accrued Interest Payable</b>
2009-2010A	6/30/09	6/25/10	<u>\$ 230,594</u>	<u>\$ 1,583</u>	<u>\$ 227,000</u>	<u>\$ 78</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts. In addition, the District must make minimum warrant repayments on the 25<sup>th</sup> of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

<b>Series</b>	<b>Balance Beginning Of Year</b>	<b>Advances Received</b>	<b>Advances Repaid</b>	<b>Balance End Of Year</b>
2008-09A	\$ -	\$ 100,000	\$ 100,000	\$ -
<b>Total</b>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>

The 2009-2010A Series warrants has an interest rate of 3.500%, and available proceeds of the warrants are invested at a rate of 3.469%.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2009**

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**Note 10 – Operating Leases**

In August 2007, the District committed to a new non-cancelable operating lease for three copiers. The minimum monthly payment under the new lease is \$1,097. Future minimum operating lease commitments are as follows:

Year Ending <u>June 30,</u>	<u>PPEL Fund</u>
2010	\$ 13,164
2011	<u>2,194</u>
Total	<u>\$ 15,358</u>

Rent expenditures were \$13,164 for the year ended June 30, 2009.

**Note 11 – Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the year ended June 30, 2009 the District has elected to purchase commercial insurance to cover against the risk of loss. There were no settlements that exceeded insurance coverage during the past three years or any significant reductions in coverage.

**Note 12 – Designated Fund Equity**

Designations of equity are used to show the amounts within unreserved equity which are intended to be used for specific purposes, but are not legally restricted. Designated equity of \$139,557 in the Physical Plant and Equipment Levy Fund is intended for future roofing needs of the Kingsley Building.

**Note 13 – Construction Commitments**

The District has entered into a contracts totaling \$33,330 for roof repairs. As of June 30, 2009, no costs have been incurred against the contract. The balance of \$33,330 remaining at June 30, 2009 will be paid as work on the project progresses.



**REQUIRED SUPPLEMENTAL INFORMATION**

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN BALANCES -**  
**BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUND**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2009**

	<b>Budgeted Amounts</b>		<b>Governmental Funds</b>	<b>Proprietary Fund</b>	<b>Total</b>	<b>Final to Actual</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Variance</b>
<b>REVENUE:</b>						
Local Sources:						
Local Tax	\$ 2,288,595	\$ 2,288,595	\$ 2,312,627	\$ -	\$ 2,312,627	\$ 24,032
Tuition	230,000	230,000	274,376		274,376	44,376
Other	301,800	301,800	233,384	138,571	371,955	70,155
State Sources	2,285,410	2,285,410	2,276,778	2,622	2,279,400	(6,010)
Federal Sources	207,565	207,565	183,055	68,118	251,173	43,608
<b>Total Revenue</b>	<b>5,313,370</b>	<b>5,313,370</b>	<b>5,280,220</b>	<b>209,311</b>	<b>5,489,531</b>	<b>176,161</b>
<b>EXPENDITURES:</b>						
Current:						
Instruction	3,170,500	3,170,500	3,049,639		3,049,639	120,861
Support Services	1,406,945	1,406,945	1,339,280		1,339,280	67,665
Non-instructional Programs	230,550	230,550	567	207,045	207,612	22,938
Other Expenditures	736,399	875,000	787,365		787,365	87,635
<b>Total Expenditures</b>	<b>5,544,394</b>	<b>5,682,995</b>	<b>5,176,851</b>	<b>207,045</b>	<b>5,383,896</b>	<b>299,099</b>
Excess (Deficiency) of Revenues Over Expenditures	(231,024)	(369,625)	103,369	2,266	105,635	475,260
Other Financing Sources (Uses):						
Transfers In	161,620	161,620	161,620		161,620	
Transfers Out	(161,620)	(161,620)	(161,620)		(161,620)	
<b>Net Change in Fund Balances</b>	<b>(231,024)</b>	<b>(369,625)</b>	<b>103,369</b>	<b>2,266</b>	<b>105,635</b>	<b>475,260</b>
Fund Balances - Beginning of Year	957,792	957,792	913,115	44,677	957,792	-
<b>Fund Balances - End of Year</b>	<b>\$ 726,768</b>	<b>\$ 588,167</b>	<b>\$ 1,016,484</b>	<b>\$ 46,943</b>	<b>\$ 1,063,427</b>	<b>\$ 475,260</b>

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2009**

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This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District disbursements in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted disbursements by \$138,601.

## **SUPPLEMENTAL INFORMATION**

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1

Revenues:

Local Sources:

Local Tax:

Property Tax	\$ 1,573,722
Mobile Home Tax	803
	<u>1,574,525</u>

Other Local Sources:

Interest on Investments	21,900
Tuition from Other Districts	263,321
Tuition from Individuals	11,055
Rent	1,500
Miscellaneous	34,557
	<u>332,333</u>
	<u>1,906,858</u>

State Sources:

State Foundation Aid	1,730,467
Instructional Support State Aid	15,089
Beginning Teacher Induction	5,200
Special Ed Deficit State Aid	1,729
Educational Excellence Program:	
Phase I	45,313
Phase II	38,121
Non-Public Transportation Aid	1,470
Teacher Compensation	235,047
Vocational Education Aid	6,858
Iowa Early Intervention Block Grant	31,106
Revenue in lieu of taxes - military credit	1,084
AEA Flow-Through	165,044
	<u>2,276,528</u>

Federal Sources:

Title I Grants to Local Educational Agencies	40,634
Improving Teacher Quality State Grants	20,917
Safe and Drug-Free Schools and Communities-States Grants	1,267
Vocational Education - Basic Grants to States	3,406
Special Education - Grants to States	24,135
Title VI Grants for Assessments and Related Activities	3,231
ARRA- Title 1	3,925
ARRA Stabilization Funds	36,755
ARRA-IDEA part B	12,488
REAP	36,297
	<u>183,055</u>

Total Revenue

\$ 4,366,441

Continued

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

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**Expenditures:**

**Instruction:**

Regular Instruction:

Salaries	\$ 1,557,052
Benefits	412,584
Services	118,681
Supplies	55,203
Property	2,929
Other	16,237
	<u>2,162,686</u>

Special Education Instruction:

Salaries	240,290
Benefits	60,861
Services	116,430
Supplies	5,225
Property	6,403
	<u>429,209</u>

Vocational Instruction:

Salaries	149,919
Benefits	39,996
Services	547
Supplies	7,282
Property	2,798
	<u>200,542</u>

Co-curricular Instruction:

Salaries	77,858
Benefits	10,525
	<u>88,383</u>

**Total Instruction**

2,880,820

**Support Services:**

**Student Services:**

Guidance Services:

Salaries	46,735
Benefits	19,245
Services	5,745
Supplies	557
Other	517
	<u>\$ 72,799</u>

Continued

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

**Support Services (Continued):**

**Student Services (Continued):**

Health Services:

Salaries	\$ 19,269
Benefits	2,722
Services	351
Supplies	2,292
	<u>24,634</u>

**Total Student Services**

97,433

**Support Services:**

**Instructional Staff Services:**

Improvement of Instruction Services:

Services	2,619
	<u>2,619</u>

Educational Media Services:

Salaries	34,922
Benefits	6,614
Supplies	3,219
Property	404
	<u>45,159</u>

Other Instructional Staff Support Services:

Services	3,411
	<u>3,411</u>

Reap:

Salaries	3,171
Benefits	691
Services	17,272
Supplies	6,922
Property	4,416
Other	750
	<u>33,222</u>

**Total Instructional Staff Services**

84,411

**Support Services:**

**Administration Services:**

Executive Administration:

Salaries	116,974
Benefits	33,425
Services	8,354
Supplies	359
Property	118
Other	831
	<u>\$ 160,061</u>

Continued

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 1 (Continued)

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**Support Services (Continued):**

**Administration Services (Continued):**

School Administration:

Salaries	\$ 168,124
Benefits	58,038
Services	9,378
Supplies	323
Other	3,969
	<u>239,832</u>

Business Administration:

Salaries	44,265
Benefits	11,041
Services	15,427
Supplies	1,436
Other	9,301
	<u>81,470</u>

Board of Education:

Services	17,994
Supplies	1,676
Other	3,022
	<u>22,692</u>

**Total Administration Services:**

504,055

**Support Services:**

**Plant Operation and Maintenance:**

Salaries	122,650
Benefits	36,476
Services	38,115
Supplies	171,145
Property	424
Other	135
	<u>368,945</u>

**Support Services:**

**Student Transportation:**

Salaries	91,943
Benefits	14,154
Services	28,360
Supplies	50,962
Property	479
	<u>185,898</u>

**Total Support Services**

\$ 1,240,742

Continued



KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
GENERAL FUND - CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2009

Schedule 1 (Continued)

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**Other Expenditures:**

AEA Flow-Through	\$ 165,044
Total Expenditures	<u>4,286,606</u>
Excess of Revenues Over Expenditures	<u>79,835</u>
Fund Balance - Beginning of Year	<u>357,195</u>
Fund Balance - End of Year	<u><u>\$ 437,030</u></u>

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**GOVERNMENTAL NONMAJOR FUNDS**  
**JUNE 30, 2009**

Schedule 2

	<u>Special Revenue</u>			
	<u>Pierson</u>	<u>Activity</u>	<u>Management</u>	
	<u>Activity</u>	<u>Fund</u>	<u>Levy</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	<u>Levy</u>	<u>Total</u>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 7,227	\$ 40,885	\$ 68,655	\$ 116,767
Investments		5,996		5,996
Receivables:				
Property Tax			2,315	2,315
Succeeding Year Property Tax			75,999	75,999
Accrued Interest		767		767
Prepaid Expenses			725	725
<b>Total Assets</b>	<u>7,227</u>	<u>47,648</u>	<u>147,694</u>	<u>202,569</u>
<b>Liabilities and Equity</b>				
<b>Liabilities:</b>				
Accounts Payable	3,845	4,889		8,734
Deferred Revenue:				
Succeeding Year Property Tax			75,999	75,999
<b>Total liabilities</b>	<u>3,845</u>	<u>4,889</u>	<u>75,999</u>	<u>84,733</u>
<b>Fund Balances:</b>				
Unreserved for:				
Special Revenue Fund	3,382	42,759	71,695	117,836
<b>Total Fund Balances</b>	<u>3,382</u>	<u>42,759</u>	<u>71,695</u>	<u>117,836</u>
<b>Total Liabilities and Equity</b>	<u>\$ 7,227</u>	<u>\$ 47,648</u>	<u>\$ 147,694</u>	<u>\$ 202,569</u>

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL NONMAJOR FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

Schedule 3

	Special Revenue			
	Pierson Activity Fund	Activity Fund	Management Levy	Total
Revenue:				
Local Sources:				
Local Tax			\$ 110,027	\$ 110,027
Other	\$ 8,956	\$ 121,860	9,450	140,266
State Sources			76	76
Total Revenue	8,956	121,860	119,553	250,369
Expenditures:				
Instruction:				
Regular Instruction			39,362	39,362
Other Instruction	8,568	120,889		129,457
Support Services:				
Student Services			576	576
Instructional Staff Services			333	333
Administration Services			11,224	11,224
Operation and Maintenance			26,654	26,654
Transportation Services			9,154	9,154
Non-instructional Programs			567	567
Total Expenditures	8,568	120,889	87,870	217,327
Excess of Revenues over Expenditures	388	971	31,683	33,042
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	388	971	31,683	33,042
Fund Balances - Beginning of Year	2,994	41,788	40,012	84,794
Fund Balances - End of Year	\$ 3,382	\$ 42,759	\$ 71,695	\$ 117,836

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS**  
**FOR THE YEAR ENDED JUNE 30, 2009**

					Schedule 4
	Balance				Balance
	June 30,	Revenues	Expenditures	Transfers	June 30,
	2008				2009
<b>Kingsley Accounts</b>					
Athletics	\$ 18,742	\$ 61,004	\$ 62,372		\$ 17,374
Children's Theater	308				308
Christian Athletes	108	85	177		16
Dance Team	527	7,598	4,950	\$ (150)	3,025
F.F.A	3,340	16,479	16,570		3,249
General Fund	5,804	893		(6,697)	-
Homemakeing Fund	112	333	207		238
National Honor Society	654	2,190	3,099	255	-
Music Fund	996	998	3,633	1,639	-
Musical	1,313		175		1,138
Pep	(1,162)	3,880	2,139		579
Speech/Drama	1,238	410	246		1,402
Student Council	1,585	4,870	5,534		921
Class of 2007	73	55		(128)	-
Class of 2008	3,838	645	1,941	(723)	1,819
Class of 2009	3,225	6,478	7,279		2,424
Class of 2010	1,087	14,326	11,387		4,026
Class of 2011		1,424	1,180		244
CD Fund Balance		192		5,804	5,996
	41,788	121,860	120,889	-	42,759
<b>Piereson Accounts</b>					
Athletics	2,994	8,956	8,568		3,382
Total for Activity Funds	\$ 44,782	\$ 130,816	\$ 129,457	\$ -	\$ 46,141

KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
 COMBINING STATEMENT OF CHANGES IN NET ASSETS AND LIABILITIES -  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2009

				Schedule 5
	Balance			Balance
	July 1, 2008	Additions	Deductions	June 30, 2009
<b><u>FLEX</u></b>				
<u>Assets</u>				
Cash and Pooled Investments	\$ 6,755	\$ 44,765	\$ 40,370	\$ 11,150
Total Assets	6,755	44,765	40,370	11,150
<u>Liabilities</u>				
Other Payables	6,755	44,765	40,370	11,150
Total Liabilities	\$ 6,755	\$ 44,765	\$ 40,370	\$ 11,150

KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT  
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
ALL GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED JUNE 30, 2009, 2008, 2007, 2006, 2005, 2004

Schedule 6

	Modified Accrual Basis of Accounting					
	2009	2008	2007	2006	2005	2004
Revenues:						
Local Sources:						
Local Tax	\$ 2,312,627	\$ 2,241,987	\$ 2,249,761	\$ 2,050,310	\$ 1,991,126	\$ 1,883,813
Tuition	274,376	263,529	235,469	257,125	237,750	226,268
Other	233,384	248,237	291,135	279,464	262,752	207,451
State Sources	2,276,778	2,285,436	2,086,084	2,104,132	1,998,425	1,784,083
Federal Sources	183,055	132,905	133,997	141,077	138,453	157,561
Total	5,280,220	5,172,094	4,996,446	4,832,108	4,628,506	4,259,176
Expenditures:						
Instruction:						
Regular	2,202,048	2,274,263	2,016,624	1,942,697	1,897,287	1,855,050
Special	429,209	382,244	362,937	377,381	386,640	403,335
Other	418,382	442,380	447,979	470,812	524,329	486,259
Support Services:						
Student	98,009	94,466	98,343	86,916	82,506	81,925
Instructional Staff	84,744	93,469	81,033	128,999	87,304	93,143
Administration	515,279	543,190	495,051	481,363	481,427	461,781
Operation and maintenance of plant	395,599	376,835	362,318	339,093	311,475	331,125
Transportation	245,649	196,262	234,601	190,286	232,418	190,549
Non-instructional programs	567					
Other Expenditures:						
Facilities Acquisition	233,309	180,445	183,782	196,251	650,670	575,512
Long-term debt:						
Services	475					300
Principal	250,000	245,000	150,000	180,000	120,000	115,000
Interest and other charges	138,537	148,531	163,572	320,837	176,346	169,096
AEA Flowthrough	165,044	160,437	149,896	143,436	138,143	134,400
Total	\$ 5,176,851	\$ 5,137,522	\$ 4,746,136	\$ 4,858,071	\$ 5,088,545	\$ 4,897,475

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education of the  
Kingsley-Pierson Community School District

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Kingsley-Pierson Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 7, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters:

As part of obtaining reasonable assurance about whether the Kingsley-Pierson Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Internal Control Over Financial Reporting:

In planning and performing our audit, we considered Kingsley-Pierson Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Kingsley-Pierson Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Kingsley-Pierson Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Kingsley-Pierson Community School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Kingsley-Pierson Community School District's financial

statements that is more than inconsequential will not be prevented or detected by Kingsley-Pierson Community School District's internal control. We consider the deficiencies in internal control as described in the accompanying schedule of findings as items II-A-09 and II-B-09 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Kingsley-Pierson Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily disclose all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiencies described above are material weaknesses.

The Kingsley-Pierson Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit the Kingsley-Pierson Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the board of education, management, employees and citizens of Kingsley-Pierson Community School District and other parties to whom the Kingsley-Pierson Community School District may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Kingsley-Pierson Community School District during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Le Mars, Iowa  
December 7, 2009



**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Schedule of Findings**  
**For the Year Ended June 30, 2009**

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**Part I: Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any non-compliance, which is material to the financial statements.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

None.

**SIGNIFICANT DEFICIENCIES:**

**II-A-09 Financial Accounting – Segregation of Duties**

Observation – The District accountant is involved in almost all phases of the finance operations, including check preparation, preparation of journal entries, as well as financial reporting and statements. We did note that the accountant is not involved with the receipt of any cash or checks and that invoices/claims are not paid until reviewed by the superintendent. We also noted that the financial reporting is under the direction of the superintendent.

Recommendation – With a limited number of personnel, segregation of duties is difficult. The District has implemented management review procedures which we feel aid in improving the internal controls of the District. However, we comment that this weakness exists and the duties of the accountant should be continually monitored by management.

Response – The District feels that additional personnel would not be cost effective. However, management will continue to monitor transactions on a regular basis.

Conclusion – Response accepted.

**II-B-09 Financial Accounting – Recording Errors**

Observation – Our audit of Kingsley-Pierson Community School District's annual financial report disclosed material reporting errors for the year ended June 30, 2009. These reporting errors result in a diminished reliability of accounting data being supplied to the users of the unaudited financial statements. We identified the material reporting errors discussed above and therefore, these matters do not affect our independent auditor's report on the financial statements contained in this audit report.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Schedule of Findings**  
**For the Year Ended June 30, 2009**

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**Part II: Findings Related to the Financial Statements (Continued):**

Recommendation – We recommend future financial reports are prepared completely and accurately in accordance with U.S. generally accepted accounting principles.

Response – The District will monitor its financial reporting process more closely in the future in order to make its annual financial report as accurate as possible.

Conclusion – Response accepted.

**Part III: Other Findings Related to Statutory Reporting:**

III-A-09      Certified Budget – Disbursements for the year ended June 30, 2009 did not exceed amounts budgeted.

III-B-09      Questionable Disbursements – No disbursements were noted that they may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-C-09      Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.

III-D-09      Business Transactions – Business transactions between the District and District officials are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Bohle Construction Owned by mother of Board Member Scott Bohle	Snow removal and various minor construction work	\$10,413

This transaction may represent a conflict of interest. The District should contact legal council for determination.

III-E-09      Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

III-F-09      Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.

III-G-09      Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.

**KINGSLEY-PIERSON COMMUNITY SCHOOL DISTRICT**  
**Schedule of Findings**  
**For the Year Ended June 30, 2009**

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- III-H-09      Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy were noted.
- III-I-09      Certified Annual Report – The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.
- III-J-09      Categorical Funding – No instances were noted of categorical funding used to supplant rather than supplement other funds.
- III-K-09      Statewide Sales and Service Tax – No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ending June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning Balance	\$	-
Statewide sales and services tax revenue		315,104
Expenditures/transfers out:		
Facility Acquisition and Construction Services:	\$	153,484
Debt Service:	\$	161,620
Ending Balance:		<u>\$</u> <u>-</u>